



OFFICE MARKET REPORT

Northern Colorado

2nd Quarter 2016

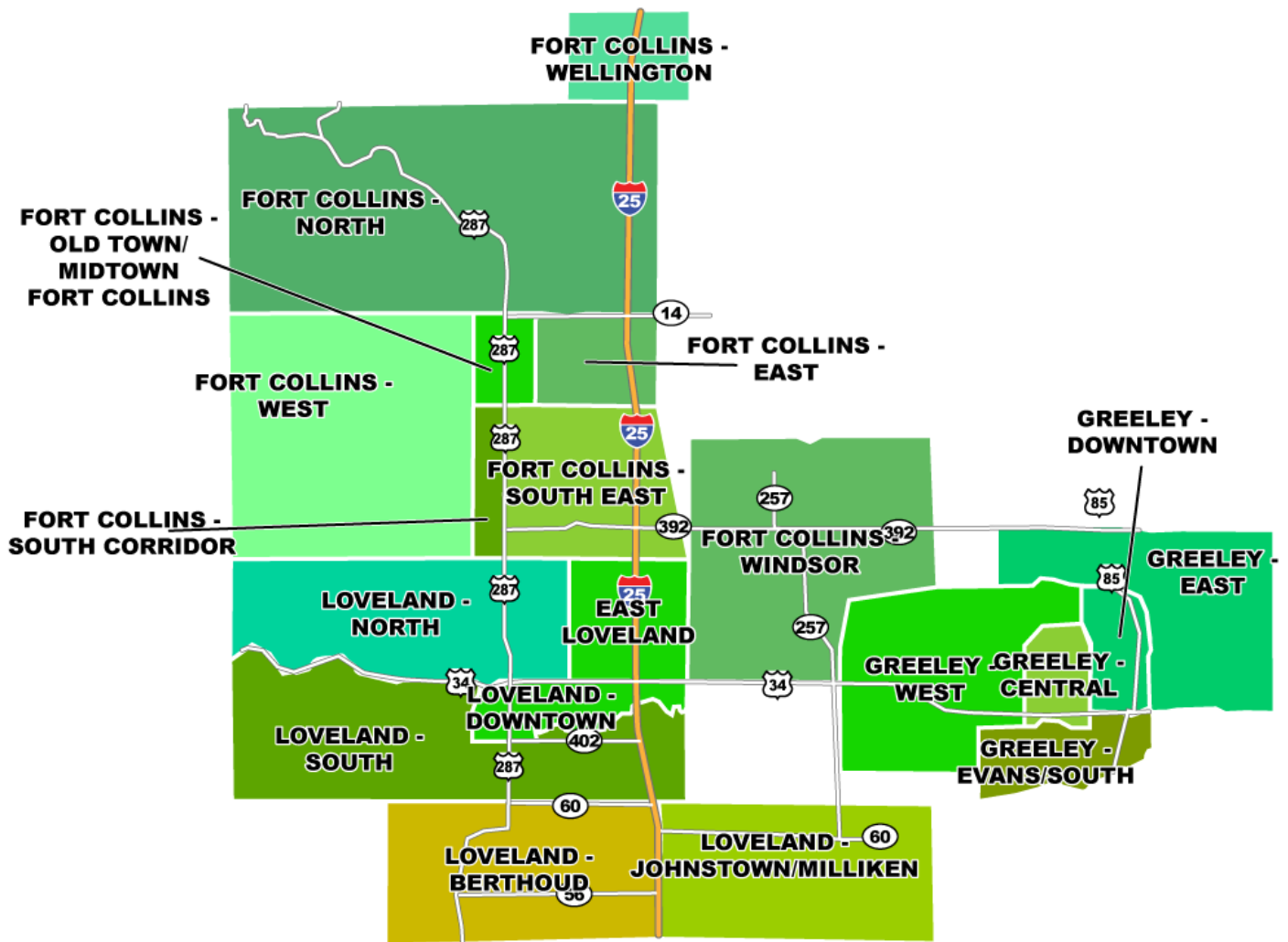


Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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The Northern Colorado tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for the market area.

Tracked Inventory (Office)	The total square feet of all existing single and multi tenant office buildings greater than 10,000 SF, excluding medical, government and owner occupied buildings.
Class A	Most prestigious buildings competing for premier office users with rents above the market average. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.
Class B	Buildings competing for a wide range of office users with average market rents. Building finishes are fair to good for the area and systems are adequate, but the property does not compete with Class A product.
Class C	Buildings competing for office users requiring functional office space at rents below the market average for the area.
Total Available Sqft	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant Sqft	The total of all of the vacant square footage within a building, including both direct and sublease space.
Direct Vacant Sqft	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease Sqft	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Weighted Average Direct	The weighted average of all direct asking lease rates expressed as a full service/gross rental rate and weighted on total direct available square feet. Non-full service rates (such as NNN) have been grossed up to reflect a full service/gross rate.



Overview

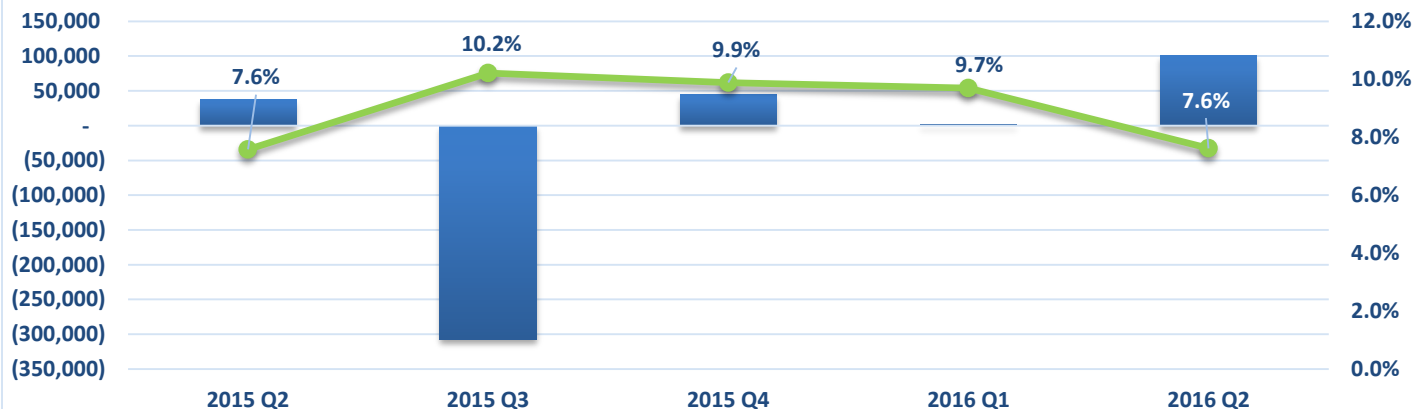
- The Northern Colorado Office market recorded a positive 100,118 square feet of absorption for the second quarter of 2016.
- There are several active tenants looking in the market, however, leasing activity continues to remain low due to lack of good product.
- Rental rates are stabilizing, however, several submarkets throughout the region continue to see moderate increases.
- Vacancy rates for Northern Colorado are currently at 7.6% which is a 2.1% drop from the first quarter 2016 rate of 9.7%.
- Construction costs remain at very high levels and as a result, there is very little speculative construction in the Northern Colorado region. There is currently a total of 97,925 square feet of construction in the North, West and Midtown areas.
- Landlords continue to want longer lease terms, and are wanting a minimum of 5 year terms for older buildings and up to 7 year terms for new buildings. Very little concessions are being offered, if any.

Vacancy an Absorption - Total							
	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
A	42	2,246,999	234,474	217,682	9.7%	74,827	74,263
B	350	7,210,288	540,412	346,610	4.8%	27,024	29,593
C	157	2,223,816	403,105	325,298	14.6%	(1,733)	(2,425)
Grand Total	549	11,681,103	1,177,991	889,590	7.6%	100,118	101,431

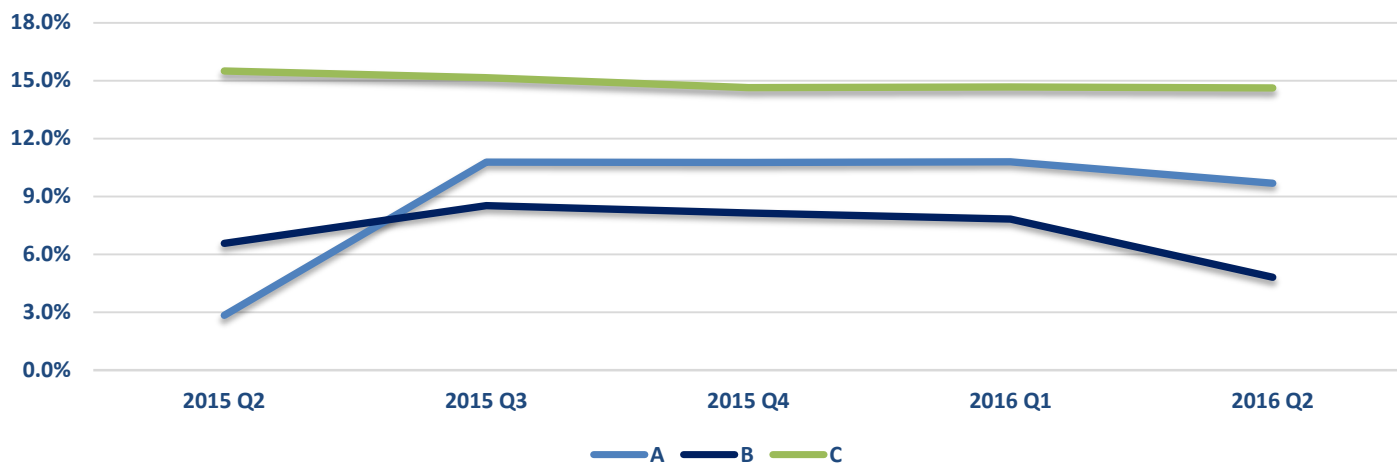
Vacancy and Absorption - Direct Space							
	# of Bldgs	Inventory (SF)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Quarterly Absorption (SF)	YTD Direct Net Absorption (SF)
A	42	2,246,999	234,474	217,682	0	74,827	74,263
B	350	7,210,288	536,521	346,490	0	27,144	29,713
C	157	2,223,816	400,529	322,722	0	(1,733)	2,166
Grand Total	549	11,681,103	1,171,524	886,894	0	100,238	106,142

Vacancy and Absorption - Sublet Space							
	# of Bldgs	Inventory (SF)	Sublease Available (SF)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (SF)	YTD Sublease Net Absorption (SF)
A	42	2,246,999	-	-	-	-	-
B	350	7,210,288	3,891	120		(120)	(120)
C	157	2,223,816	2,576	2,576	0	-	(4,591)
Grand Total	549	11,681,103	6,467	2,696	0	(120)	(4,711)

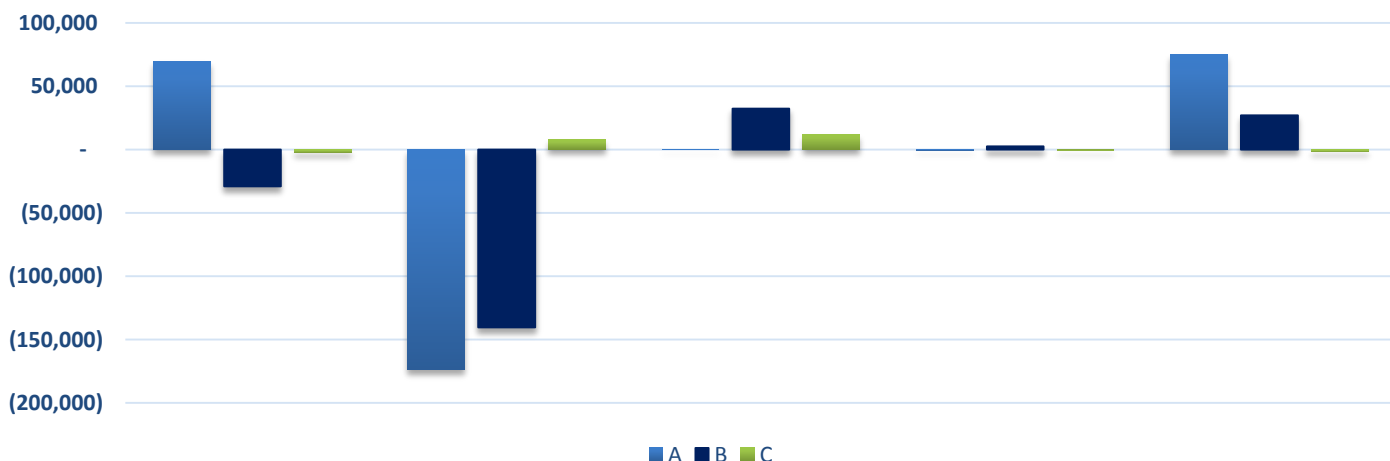
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Class



Historical Net Absorption by Class

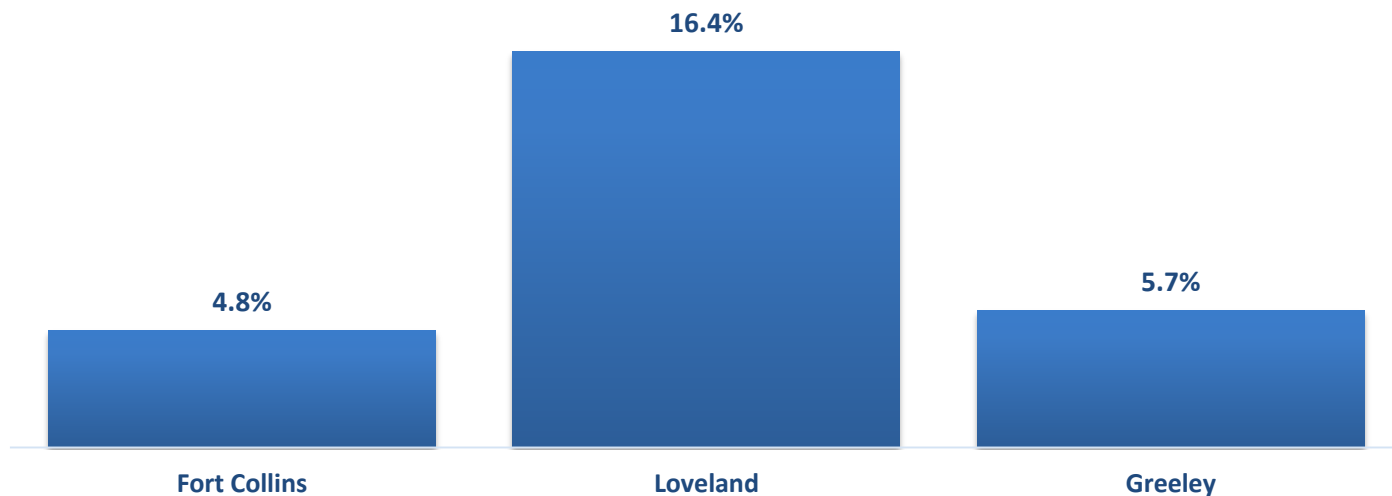


	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Total Vacancy Rate (%)	Total Qtrly Net Absorption (SF)	YTD Total Net Absorption (SF)
Fort Collins	289	5,789,783	280,683	2,576	4.8%	86,887	91,080
Southeast	105	2,611,753	185,260	-	7.1%	62,742	64,008
A	15	1,093,807	123,487	-	11.3%	70,814	70,250
B	76	1,386,082	60,433	-	4.4%	(7,278)	(8,989)
C	14	131,864	1,340	-	1.0%	(794)	2,747
Midtown	64	911,258	23,575	-	2.6%	18,492	22,169
B	45	693,412	19,945	-	2.9%	11,948	15,625
C	19	217,846	3,630	-	1.7%	6,544	6,544
North	64	1,394,078	22,698	-	1.6%	2,577	4,721
A	8	261,977	-	-	0.0%	-	-
B	30	642,979	17,887	-	2.8%	2,035	7,197
C	26	489,122	4,811	-	1.0%	542	(2,476)
East	38	683,456	34,554	2,576	5.1%	3,076	182
B	26	520,877	28,320	-	5.4%	3,076	2,758
C	12	162,579	6,234	2,576	3.8%	-	(2,576)
West	7	54,017	9,995	-	18.5%	-	-
B	6	48,595	9,995	-	20.6%	-	-
C	1	5,422	-	-	0.0%	-	-
South College Corridor	11	135,221	4,601	-	3.4%	-	-
B	8	103,227	4,601	-	4.5%	-	-
C	3	31,994	-	-	0.0%	-	-
Greeley	143	3,345,125	190,246	-	5.7%	(4,673)	(3,336)
Downtown	32	640,865	39,649	-	6.2%	-	1,256
B	12	412,052	33,006	-	8.0%	-	-
C	20	228,813	6,643	-	2.9%	-	1,256
East	2	24,924	-	-	0.0%	-	-
C	2	24,924	-	-	0.0%	-	-
Central	54	628,416	56,497	-	9.0%	(2,951)	330
A	2	80,422	2,988	-	3.7%	-	-
B	35	389,694	35,842	-	9.2%	2,446	1,159
C	17	158,300	17,667	-	11.2%	(5,397)	(829)
West	50	1,786,444	40,171	-	2.2%	728	(2,472)
A	4	194,117	-	-	0.0%	728	728
B	43	1,562,419	40,171	-	2.6%	-	(3,200)
C	3	29,908	-	-	0.0%	-	-
Evans/South Greeley	5	264,476	53,929	-	20.4%	(2,450)	(2,450)
B	5	264,476	53,929	-	20.4%	(2,450)	(2,450)
Loveland	116	2,534,995	418,661	120	16.5%	17,904	13,687
Downtown	21	721,169	278,780	-	38.7%	1,607	(4,096)
A	1	77,354	-	-	0.0%	-	-
B	7	207,538	8,110	-	3.9%	-	-
C	13	436,277	270,670	-	62.0%	1,607	(4,096)
North	53	673,797	24,327	-	3.6%	(926)	(574)
A	1	15,000	1,086	-	7.2%	-	-
B	31	423,065	10,538	-	2.5%	3,309	2,421
C	21	235,732	12,703	-	5.4%	(4,235)	(2,995)
South	6	71,380	1,720	120	2.4%	(120)	(120)
B	3	27,974	120	120	0.4%	(120)	(120)
C	3	43,406	1,600	-	3.7%	-	-
Berthoud	1	6,813	-	-	0.0%	-	-
B	1	6,813	-	-	0.0%	-	-
East Loveland	35	1,061,836	113,834	-	10.7%	17,343	18,477
A	11	524,322	90,121	-	17.2%	3,285	3,285
B	21	509,885	23,713	-	4.7%	14,058	15,192
C	3	27,629	-	-	0.0%	-	-
Grand Total	548	11,669,903	889,590	2,696	7.6%	100,118	101,431

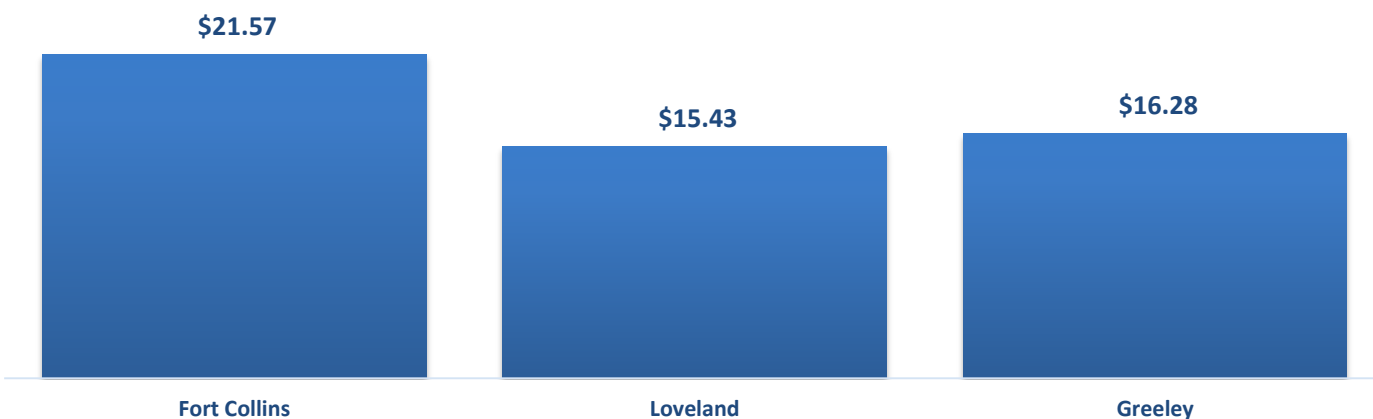
	Vacancy Rate %					Average Direct Asking Rate - NNN				
	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Fort Collins	4.3%	9.6%	9.5%	9.4%	4.8%	\$19.62	\$20.59	\$21.01	\$21.03	\$21.57
Southeast	3.7%	16.6%	16.3%	16.3%	7.1%	\$20.30	\$21.52	\$21.89	\$23.36	\$23.26
A	0.7%	17.7%	17.7%	17.8%	11.3%	\$25.36	\$25.47	\$25.13	\$25.89	\$27.51
B	5.6%	16.2%	16.3%	16.4%	4.4%	\$21.25	\$23.11	\$22.14	\$22.83	\$22.46
C	8.6%	11.1%	5.1%	2.4%	1.0%	\$12.82	\$12.60	\$12.89	-	\$17.54
Midtown	7.8%	6.3%	5.0%	4.6%	2.6%	\$19.28	\$20.44	\$20.04	\$20.68	\$21.23
A	-	-	-	-	-	-	-	-	-	-
B	8.0%	7.1%	5.1%	4.6%	2.9%	\$20.21	\$20.99	\$22.14	\$22.02	\$22.39
C	7.3%	3.8%	4.7%	4.7%	1.7%	\$15.18	\$18.33	\$14.77	\$15.04	\$17.26
North	2.2%	1.8%	2.0%	1.8%	1.6%	\$20.74	\$21.39	\$20.80	\$19.90	\$20.49
A	-	-	-	-	-	-	-	-	-	-
B	3.9%	3.4%	3.9%	3.1%	2.8%	\$20.62	\$21.40	\$21.07	\$20.13	\$20.78
C	1.1%	0.8%	0.5%	1.1%	1.0%	\$21.39	\$21.37	\$19.55	\$18.36	\$18.79
East	4.3%	3.7%	5.1%	5.5%	5.1%	\$18.83	\$18.27	\$17.58	\$18.52	\$18.93
A	-	-	-	-	-	-	-	-	-	-
B	3.8%	3.4%	6.0%	6.0%	5.4%	\$19.17	\$18.58	\$17.67	\$18.17	\$18.65
C	5.8%	4.6%	2.2%	3.8%	3.8%	\$17.62	\$17.49	\$17.00	\$19.64	\$19.64
West	27.1%	18.5%	18.5%	18.5%	18.5%	\$15.86	\$14.29	\$13.99	\$13.99	\$17.24
A	-	-	-	-	-	-	-	-	-	-
B	30.1%	20.6%	20.6%	20.6%	20.6%	\$15.86	\$14.29	\$13.99	\$13.99	\$17.24
C	-	-	-	-	-	-	-	-	-	-
South College Corridor	3.8%	3.4%	3.4%	3.4%	3.4%	\$20.02	\$20.02	\$20.02	\$20.02	\$21.02
A	-	-	-	-	-	-	-	-	-	-
B	4.9%	4.5%	4.5%	4.5%	4.5%	\$20.02	\$20.02	\$20.02	\$20.02	\$21.02
C	-	-	-	-	-	-	-	-	-	-
Greeley	6.6%	6.8%	6.2%	5.5%	5.7%	\$17.58	\$16.09	\$15.75	\$15.83	\$16.28
Downtown	10.9%	10.9%	9.6%	6.2%	6.2%	\$15.30	\$15.13	\$15.13	\$15.74	\$15.93
A	-	-	-	-	-	\$18.06	\$18.06	\$18.06	\$18.06	\$18.06
B	15.0%	15.0%	13.0%	8.0%	8.0%	\$15.46	\$15.31	\$15.31	\$16.50	\$17.16
C	3.5%	3.5%	3.5%	2.9%	2.9%	\$13.79	\$13.79	\$13.79	\$12.96	\$12.96
East	-	-	-	-	-	\$19.95	\$17.62	\$17.53	\$15.93	\$16.85
A	-	-	-	-	-	\$17.24	-	-	-	-
B	-	-	-	-	-	\$20.24	\$17.62	\$17.53	\$15.93	\$16.85
C	-	-	-	-	-	-	-	-	-	-
Central	9.0%	10.0%	9.0%	8.5%	9.0%	-	-	-	-	-
A	3.7%	3.7%	3.7%	3.7%	3.7%	-	-	-	-	-
B	9.2%	10.7%	9.5%	9.8%	9.2%	-	-	-	-	-
C	11.0%	11.4%	10.6%	7.8%	11.2%	-	-	-	-	-
West	2.0%	2.1%	2.1%	2.3%	2.2%	-	-	-	-	-
A	1.5%	0.4%	0.4%	0.4%	-	-	-	-	-	-
B	2.0%	2.4%	2.4%	2.6%	2.6%	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
Evans/South Greeley	22.0%	22.0%	19.5%	19.5%	20.4%	-	-	-	-	-
A	-	-	-	-	-	-	-	-	-	-
B	22.0%	22.0%	19.5%	19.5%	20.4%	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-

	Vacancy Rate %					Average Direct Asking Rate - NNN				
	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Loveland	16.7%	16.2%	15.9%	16.0%	16.5%	\$14.95	\$14.63	\$14.87	\$14.22	\$15.43
Downtown	40.5%	40.4%	40.5%	41.2%	38.7%	\$13.32	\$13.37	\$13.25	\$13.23	\$13.234
A	-	-	-	-	-	-	-	-	-	-
B	10.9%	11.3%	12.1%	12.1%	3.9%	\$15.59	\$16.06	-	-	-
C	61.7%	61.4%	61.1%	62.4%	62.0%	\$13.15	\$13.20	\$13.25	\$13.23	\$13.23
North	3.7%	3.4%	3.5%	3.5%	3.6%	\$13.98	\$13.61	\$13.29	\$13.14	\$17.65
A	7.2%	7.2%	7.2%	7.2%	7.2%	\$25.40	\$25.40	\$25.40	\$25.40	\$25.40
B	3.7%	3.4%	3.1%	3.3%	2.5%	\$17.17	\$16.20	\$18.26	\$16.75	\$17.48
C	3.4%	3.2%	4.1%	3.6%	5.4%	\$11.95	\$12.38	\$12.18	\$12.22	\$17.54
South	-	2.2%	2.2%	2.2%	2.4%	-	\$8.00	\$8.00	-	-
A	-	-	-	-	-	-	-	-	-	-
B	-	-	-	-	0.4%	-	-	-	-	-
C	-	3.7%	3.7%	3.7%	3.7%	-	\$8.00	\$8.00	-	-
Berthoud	-	-	-	-	-	-	-	-	-	-
A	-	-	-	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
East Loveland	9.7%	8.7%	7.6%	7.5%	10.7%	\$23.83	\$21.06	\$20.90	\$19.92	\$19.87
A	10.3%	8.0%	8.0%	8.0%	17.2%	\$18.50	\$18.50	\$20.96	\$20.04	\$18.78
B	9.8%	9.8%	7.6%	7.4%	4.7%	\$24.43	\$21.18	\$20.87	\$19.90	\$21.56
C	-	-	-	-	-	-	-	-	-	-
Grand Total	7.6%	10.2%	9.9%	9.7%	7.6%	\$16.82	\$16.73	\$17.71	\$16.65	\$17.39

Vacancy Rate by Market

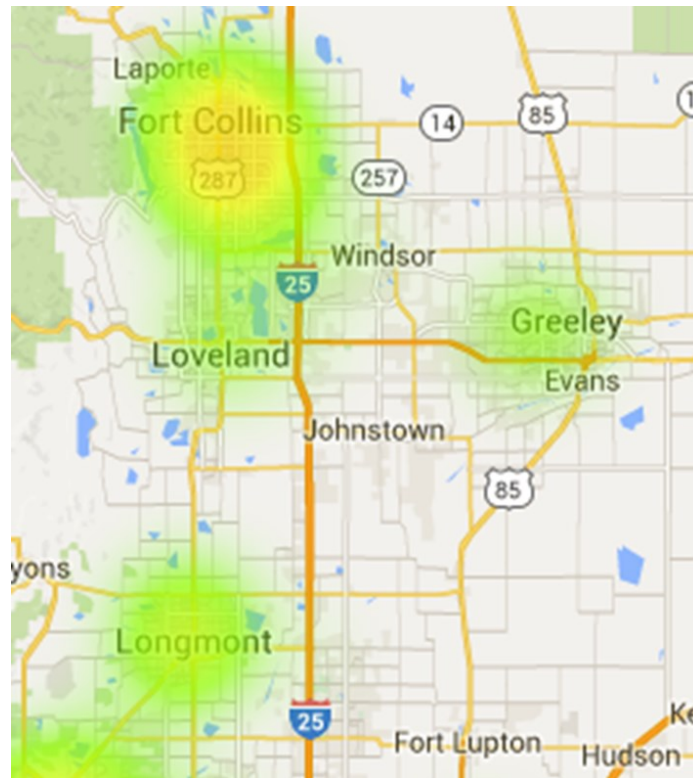


Average Asking Rates by Market (NNN)



Asking Lease Rate Range by Class (NNN)



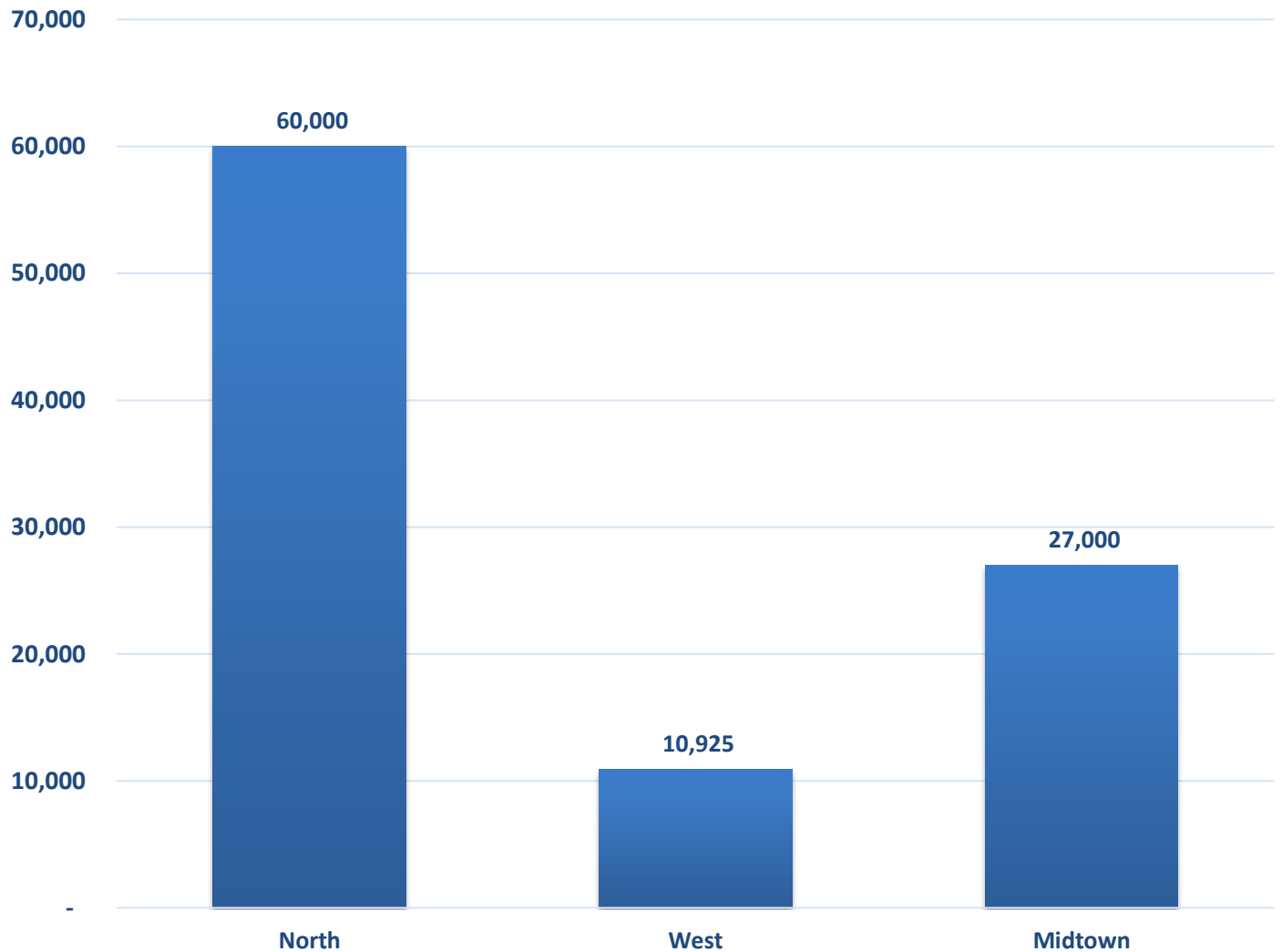


Largest Absorption Changes

Property Name	SF Occupied or Vacated	Tenant Name	Submarket	Building Class
Hewlett Packard Campus Bldg 1	66,500	Madwire	Loveland - South I-25 Corridor	A
2509 Research Blvd	8,132	Dept of Veteran Affairs	Ft. Collins- Midtown	B
Opera Galleria Condominiums	5,883	Mountain Real Estate Holdings, LLC	Ft. Collins - North	B
Spring Creek Business Center	5,129	Maxim Integrated	Ft. Collins - East	B
Riverbend Trail	4,662	Western Ecosystems, Facilities Mgmt Advisors, Boone Heart Institute and Hypnotherapy for Positive Change	Ft. Collins - East	B
Robertson Building	3,400	Helthcare Equity Group, LLC	Ft. Collins - Midtown	C
Foxtrail Office Park	3,285	Rocky Mountain Infectious Disease Consultants	Loveland - South I-25 Corridor	A
255 E Monroe Dr	3,282	Kensington Vanguard of Colorado	Ft. Collins - Midtown	B
1629 Blue Spruce Dr	(4,056)	ELIC	Ft. Collins - North	B
3500 John F Kennedy Pkwy	(5,109)	Wells Fargo Bank	Ft. Collins - Midtown	B
2002 Caribou Dr	(6,283)	Center for Performance Excellence	Ft. Collins - Southeast	B
Two Prospect	(6,715)	AECOM	Ft. Collins - East	B

Top Transactions						
Property Name	Sale Price	SF Sold	Buyer	Seller	Market	Building Class
3405 S Timberline Rd	\$5,650,000	151,665	2001 Danfield LLC	LSI Corporation	Ft. Collins - Southeast	B
McClelland Office Park	\$4,000,000	36,562	Anchorage Investments LLC	McClelland 2850 LLC	Ft. Collins - Midtown	B
201 Linden St	\$1,160,775	4,235	Linden Street Treehouse LLC	BBP Linden LLC	Ft. Collins - North	B
303 W Prospect Rd	\$900,000	3,424	Prospect Station LLC	Marlin & Marcia Troiano	Ft. Collins - Midtown	B
1120 E Elizabeth St	\$840,000	5,211	ENTP LLC	Murphy Eriksen Enterprises	Ft. Collins - East	C

Current New Construction by Market



Northern Colorado	
Brinkman Commercial	Josh Guernsey
CBRE	Peter Kast
Chrisland Commercial RE	Jake Hallauer
Cushman & Wakefield	Jared Goodman
LC Real Estate Group	Nate Klein
RealTec	Marc Bradley Ron Kuehl
Sperry Van Ness	Bill Reilly
The Group Inc.	Craig Hau
WW Reynolds	Terri Hanna

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy. **For more information, please contact :**

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